

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Loan Agreement") is dated as of _____, 2012 and is made by and between the City of Temple City, a charter city and municipal corporation ("City") and the Successor Agency to the Community Redevelopment Agency of the City of Temple City, a public body, corporate and politic ("Agency").

RECITALS

A. The City is a charter city and municipal corporation organized and operating under the laws of the State of California.

B. The Agency is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the California Health and Safety Code. (All future statutory references are to the California Health and Safety Code.)

C. Section 34177.3 authorizes the Agency to create enforceable obligations for the purpose of conducting work related to the wind-down of the former redevelopment agency, including the hiring of staff and procuring of necessary professional services.

D. Section 34179.5 requires the Agency to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine unobligated balances available for transfer to taxing entities; which due diligence review must begin no later than September 2012.

E. As of the execution of this Loan Agreement, no licensed accountant has been willing to take on the due diligence review work due to a lack of State standards for the work.

F. The California Department of Finance has indicated that it will not allow any amendments to or revisions of Recognized Obligation Payment Schedules ("ROPS") for the period of July 2012-December 2012 ("ROPS 2"), and the Agency is required by Section 34177(m) to submit the ROPS for January 2013-June 2013 to the Department of Finance and County Auditor-Controller on or before September 1, 2012 ("ROPS 3").

G. The Agency can only make payments based on amounts listed on ROPS forms, and it will be exceedingly difficult to hire an accountant to perform work in September 2012 and thereafter if the ROPS 2 cannot be amended.

F. Section 34173(h) provides that the City may loan funds to the Agency for various expenses of the Agency, including administrative expenses, and that the loan must be reflected on the Agency's Recognized Obligation Payment Schedule, meaning the loan is subject to the oversight and approval of the Agency's Oversight Board..

G. Relying on this authority, the City is prepared to extend a temporary loan ("Loan") to the Agency in an amount not to exceed Twenty Five Thousand Dollars (\$25,000) ("Loan Amount") to be used to pay the licensed accountant required by Section 34179.5.

H. The Agency, in preparing the ROPS 3, will list as an enforceable obligation the Loan in an amount equal to the Loan Amount and projected interest.

AGREEMENT

For and in consideration of the mutual covenants and agreements hereinafter set forth, the City and Agency agree as follows:

Section 1. *Recitals.* The City and Agency represent and warrant to each other that each of the respective recitals is true and correct and is hereby incorporated into this Loan Agreement by reference as if fully set forth.

Section 2. *Loan.* Provided that the loan conditions set forth in Section 5 are satisfied, the City shall use City general funds to provide the Agency with the Loan Amount of \$25,000 on or before September 30, 2012.

Section 3. *Interest.* Except as provided below, any outstanding portion of the principal comprising the Loan Amount shall accrue interest at the rate offered by the Local Agency Investment Fund for the period during which the Loan is outstanding.

Section 4. *Use of Loan.* The Agency shall use the Loan only for the payment of the accountant required to be hired pursuant to Section 34179.5.

Section 5. *Loan Conditioned on Oversight Board Approval.* Prior to making the Loan described in Section 2 the Successor Agency shall secure a final and effective approval of this Loan Agreement from the Oversight Board in conformity with Section 34179(h).

Section 6. *Source of Repayment; Limited Subordination.*

(A) Except as provided in paragraph (B), the Loan shall be repaid on par with any enforceable obligations falling within Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

(B) The City hereby agrees to defer payment on the Loan during a six-month period covered by a ROPS to the extent that repayment in that period would leave insufficient funds to the Successor Agency to satisfy other contractual obligations covered by Section 34183(a)(2)(C) which: (1) are due in that six-month period; and (2) were in existence as of the date of this Loan Agreement.

(C) Unless legally prohibited or waived by the City, any portion of the unpaid Loan shall also be repaid from other revenues available to the Successor

Agency, such as the proceeds of asset sales and rents. These payments shall augment and supplement the required payments described in paragraph (A).

Section 7. *Placement of Loan Obligation on the Agency's ROPS.* Provided that this Loan Agreement is approved, the Agency shall prepare and approve a ROPS 3 or amended ROPS 3 which includes the Loan Agreement as a listed enforceable obligation. The amount of that listed obligation shall be the Loan Amount (or such lesser amount as may be actually advanced to the Successor Agency) with a reasonable estimate of the interest that will accrue on the Loan. The Loan Agreement shall be included on each successive ROPS for the Agency until the City is repaid the full Loan Amount and any accrued interest thereon.

Section 8. *Term.* This Loan Agreement shall be in full force and effect from the date hereof until such time as the entire principal amount of the Loan, including any interest or compounded interest, has been repaid in full.

Section 9. *Entire Agreement.* This Loan Agreement constitutes the entire agreement by and between the parties with respect to the subject matter of this Loan Agreement, and may be amended only in writing.

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Section 18. *Remedies.* In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Loan Agreement.

APPROVED AND EXECUTED by signature of the authorized representatives of each of the parties on _____, 2012.

CITY OF TEMPLE CITY

By: _____
Vincent Yu, MAYOR

ATTEST:
Peggy Kuo, City Clerk

APPROVED AS TO FORM:
Eric S. Vail, City Attorney

By: _____

By: _____

SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF TEMPLE
CITY, a public body, corporate and politic

By: _____
_____, CHAIRPERSON

ATTEST:
Peggy Kuo, Agency Secretary

APPROVED AS TO FORM:
Eric S. Vail, Agency Counsel

By: _____

By: _____